WIOA Subcommittee for Local Governance & Sector Strategies
Washington State Labor Council
906 Columbia Street, SW – 3rd Floor Conference Room
Olympia, WA 98501
Monday, May 4, 2015 from Noon – 4PM
Call in phone number: (866) 339-6644| Meeting number: *9563025*

AGENDA

Noon **Welcome/Introductions – Creigh H. Agnew**
- Agenda Review

12:10 pm **Action Item: Review and Approval of Sectors Framework (pages 2 to 4)**
- Introduction: Annette Herup
- Overview of Action Item: Dave Wallace, Carolyn McKinnon
- Requested Action: Recommend that the Steering Committee support the integration of the sectors framework into the state workforce plan

12:40 pm **Action Item: Review and Approval of Regions Letter (pages 5 to 13)**
- Introduction: Creigh H. Agnew
- Overview of Action Item: Agnes Balassa, Dave Wallace
- Requested Action: Finalize letter to Chief Elected Officials and Workforce Development Councils

1:45 pm **Beak**

2:00 pm **Action Item: Review and Approval of Local Governance Items (pages 14 to 20)**
- Introduction: Caitlyn Jekel
- Overview of Action Items: Agnes Balassa, Kath DiJulio
- Requested Actions:
  - Forward board member appointment criteria to the Steering Committee
  - Forward alternative entities recommendation to the Steering Committee

3:00 pm **Action Item: Initial Action Regarding the Development of a Local Area Designation Policy (pages 21 to 27)**
- Introduction: Bill Messenger
- Overview of the issue: Agnes Balassa
- Requested Action: Support the development of a local workforce area designation policy

3:50 **Public Comment Period**
- *Please limit public comments to no longer than 3 minutes.*

4:00 pm **Adjourn – Creigh H. Agnew**

Staff Contact:
- Dave Wallace, Workforce Board, dwallace@wtb.wa.gov, 360-709-4613
- Agnes Balassa, ESD, abalassa@esd.wa.gov, 360-902-9571

Next meeting:
June 1, 2015 from Noon – 4:00 PM
Washington State Labor Council, 906 Columbia Street, SW, Olympia, WA 98501

Action Item: Task Force Recommendations

TASKFORCE: Sector Strategies

ISSUE: The Subcommittee is charged with identifying targeted sectors, including required data analysis and recommend guidelines for local sector targeting. These items related to guidelines.

BACKGROUND: Washington has been a leader in the implementation of sector strategies. The state has identified statewide priority sectors and appointed leads to support these, developed criteria for sector selection and defined key terms. Language related to sectors is included in state legislation. The needs of industry sectors has been a driving force in the development of Center of Excellence and local workforce planning and other initiatives.

The task force started by identifying what was already in place and what needed updating and streamlining in order to create a framework to guide future sectors work. This framework, once adopted by the Steering Committee and full board, will be built into the state strategic plan which forms the basis for regional/local planning and implementation. The attached recommendations are the first step in supporting robust and effective sectors strategies. Future recommendations will:

- Provide guidance related to local efforts for closing skill gaps to meet sector needs.
- Clarify state board role in supporting sector strategies.

The state has identified priority sectors, so the task force does not intend to duplicate that work.

RECOMMENDATION: The task force requests that the subcommittee review and approve and forward Attachment A on pages 3 to 4 to the Steering Committee and Board for inclusion in the state plan.

CURRENT STRUCTURE UNDER WIA: WIA did not require sector strategies.

POTENTIAL/PERCEIVED CHANGES UNDER WIOA: The Opportunity Act requires local workforce boards to support the implementation of sector strategies.

MINORITY POSITION(S): N/A

STAKEHOLDERS ENGAGED: A variety of workforce and economic development stakeholders are represented on the task force. Input was sought from WDCs with experience implementing sector strategies.

ANY ISSUES, QUESTIONS, GUIDANCE NEEDED TO INFORM THE STEERING COMMITTEE: N/A

ATTACHMENT A: RECOMMENDED SECTOR FRAMEWORK FOR STATE AND LOCAL PLAN

Guiding Principles

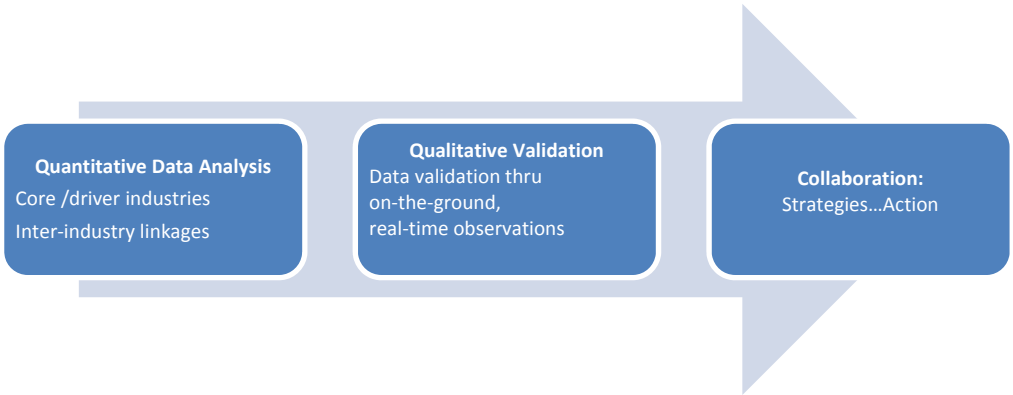
- Sector strategies are but one of many strategies for workforce and economic development.
- Statewide and local sector strategies can co-exist in mutually-reinforcing and beneficial ways. They are not mutually exclusive of one another.
- Critical factors for identifying sectors to be targeted for sector strategies include employment opportunities, wage levels (including career and wage progression potential), and the economic impact of the industry.
- Because policy objectives vary, workforce and economic development partners may work from different lists of targeted sectors. That being said, collaboration and coordination is imperative when economic and workforce strategies target the same sectors.
- *Nascent* or *emerging* sectors, as well as *mature* or *plateaued* ones, have a role in workforce and economic development initiatives.
- Targeted sector lists should be updated periodically to keep pace with changing economic conditions.
- As sector strategies are developed, there should be an emphasis on data-driven outcomes (e.g., employment placements)

Process and criteria for identifying and prioritizing target sectors

1. Conduct quantitative data analysis: Identify core/driver industries and inter-industry linkages. Measure and rank criteria relating to industry concentration, employment, and opportunities for wage and career progression. Criteria should include:
    a. Industry concentration – using employment location quotient for the local area relative to the nation.
    b. Recent and projected employment growth – Looking for positive projected growth potential.
    c. Opportunities for wage progression – As indicated by range between 25th and 75th percentiles in wages observed within a given occupation in the sector
    d. Opportunities for career progression – As indicated by percent of occupations in the middle- and high- wage ranges and other indicators of occupational mobility within a given sector and percent of occupations requiring mid-level of education.

2. Conduct qualitative validation: Validate quantitative findings through conversations with industry (business and labor) and regional economists. Criteria may include:
    a. Quantitative factors such as employment projections relating to retirements and turnover; output; earnings per worker; change in establishments; change in wages; exports as percent of output; traded versus local services sectors.
    b. Qualitative Factors such as industry-recognized certifications and related opportunities for career progression, policy/regulatory/legislated issues, resources at-hand, and factors of chance and special circumstances.

3. Develop strategies for action through collaborative planning with economic development, business and education partners.
4. Define intended outcomes and measure results.



Common definitions

- **Sector**: A group of industries with similar business processes, products or services like construction or health services; formerly categorized by the Standard Industrial Classification (SIC) system, now categorized by the North American Industry Classification System (NAICS).
- **Industry Cluster**: A geographic concentration of interdependent competitive firms that do business with each other, including firms that sell inside and outside of the geographic region as well as support firms that supply new materials, components, and business services. (RCW 43.330.090)
- **Targeted Industries or Clusters**: Industries and industry clusters that are identified based on a strategic economic development consideration or other public concerns.
- **High Employer Demand Program of Study**: Certificate or degree program in which the number of students prepared for employment per year (from in-state institutions) is less than the number of projected job openings per year in that field—statewide, or in a sub-state region.
- **High-Demand Occupation**: An occupation with a substantial number of current or projected employment opportunities.
- **High Student Demand Program of Study:** Certificate or degree program in which student demand exceeds program capacity.

Alignment between local and statewide sectors:

The Governor's statewide sectors represent the statewide priorities for sector work. When WDCs identify regional/local sectors using the process and criteria above, they will see which statewide sectors are also of regional/local significance. Not all statewide sectors will be of significance to regional/local economies and visa versa.

When regionally/locally identified sectors are also statewide priority sectors, WDCs should connect with the state sectors leads to determine how best to align local activities with statewide sector goals. Statewide sector leads should also reach out to WDCs operating in regional and local economies where there are high concentrations of industries in statewide sectors, in order to identify opportunities to work to together/align work. Opportunities to align local industry sectors that are part of the supply chain for statewide sectors should also be coordinated between the state and local level.

Action Item: Subcommittee Recommendation on Regions

ISSUE: The subcommittee agreed to send a letter to Chief Elected Officials and Workforce Development Councils regarding the development of planning regions under the Opportunity Act. A draft was forwarded for subcommittee input and needs to be finalized.

BACKGROUND: Under the Opportunity Act, the state, in consultation with Chief Elected Officials and Workforce Development Councils, is required to identify planning regions to better align workforce activities with regional economies and economic development activities. The subcommittee decided to develop a letter to inform Chief Elected Officials and WDCs of this new aspect of the law and to ask for initial input. Because of the complexity of the topic, the committee also recommended the development of a set of webinars.

A draft letter was circulated for subcommittee member input. Several subcommittee members forwarded minor edits. Three offered more substantial comments. The common themes across the comments included:

- Any maps attached to the letter need to be better described. The maps in the draft lacked context, there is little info about the data used, etc.
- The Power Point attached to the letter was confusing and should be removed.
- Regions and regional planning need to be described in more detail.
- The question about whether local area boundaries should be changed does not fit with the rest of the letter as written, and could be a totally different subject.

CURRENT STRUCTURE UNDER WIA: Planning regions were not required under WIA. This is a new feature of the Opportunity Act.

RECOMMENDATION: Approve and finalize the letter that appears as Attachment B on pages 6 to 8 and the maps to be sent with the letter in Attachment C on pages 10 to 13.

MINORITY POSITION(S): N/A

STAKEHOLDERS ENGAGED: The members of the subcommittee were asked to provide feedback. Other stakeholders were not engaged at this point in the process.

ANY ISSUES, QUESTIONS, GUIDANCE NEEDED TO INFORM THE STEERING COMMITTEE: N/A

ATTACHMENT B: DRAFT REGIONS LETTER FOR LOCAL ELECTED OFFICIALS AND WDCS

DATE

ADDRESSES [12 Chief Local Elected Officials, Local Board Chairs and WDC Directors]

Dear Chief Local Elected Officials, Workforce Development Council Chairs and Workforce Development Council Directors;

As the co-chairs for the state workforce development board's Subcommittee on Local Governance and Sector Strategies, we have been asked to recommend policy for the implementation of various aspects of the new Workforce Innovation and Opportunity Act (Opportunity Act). We are writing to you today to ask for input regarding a new requirement of the Opportunity Act: workforce planning regions.

Implementation of the Opportunity Act provides an opportunity to build upon Washington's many successes in workforce development. Our workforce development system's strong record of accomplishment is due in large part to the work of local Workforce Development Councils and the leadership you provide. We appreciate your achievements and ask for your input to help us develop a recommendation for workforce planning regions to the state workforce development board and the Governor.

Workforce Planning Regions

Under the Opportunity Act, Workforce planning regions must be comprised of either a single Local Workforce Area, adjacent Local Workforce Areas within a state or adjacent local workforce areas across state lines. These regions are not intended to replace local areas, unless the local elected officials in a region are interested in doing so. Planning regions are intended to improve our capacity to close skill gaps for employers and to help more people find jobs by aligning workforce development activities to regional economies. Businesses often reach across local area boundaries to find talent, and people often commute into other workforce areas for economic opportunities. Workforce regions are a tool for WDCs to build regional strategies to serve industry sectors, close skill gaps, develop comprehensive career pathways, and to help more people find jobs. WDCs may also find efficiencies or expand capacity by working in a regional partnership of state and local organizations.

Opportunity Act Requirement: Identify Planning Regions

Under the Opportunity Act, the state is required to identify regions with consultation from Chief Elected Officials and Local Workforce Development Councils. Chief Elected Officials and Workforce Development Councils are required to govern and design as part of comprehensive, regional workforce and economic development partnerships, once regions are identified.

The state currently has 12 Workforce Development Areas (see attachment X). The Local Governance and Sectors subcommittee has begun to look at statewide data to identify possible regions. An interactive tool developed by state Labor Market Departments in Washington, Oregon, and Idaho is available at: XXXXXXXX. It allows users to better understand scenarios based on two factors: commute patterns and industry concentration (location quotients). These two factors were identified as the most likely to help with the identification of regions. However, the data is not conclusive. Some industry sectors line up across regions, some do not. In fact some show up in opposite corners of the state. While commuting patterns across counties form natural labor sheds, these do not always line up with current WDC boundaries. In a number of cases, commute patterns and industry sectors cross state lines.

Maps describing other factors, such as economic development areas, unemployment rates and other demographic information were also reviewed. Attached, you will find a set of sample maps. These are not recommendations. They are provided as examples that the subcommittee has reviewed.

Webinars and Additional Data

We invite you to attend one of two statewide webinars (insert dates) in order to provide you with more information about regions. We encourage you to invite other local elected officials, WDC members and staff to participate. Registration information is provide below.

For those who want a deeper dive into the data and maps, we have provided tables and maps at XXXXXXX. These data show where people in your county commute to work. Some counties have far more people commuting into adjacent Workforce Development Areas than into their own Workforce Development Area.

Input Requested

In order to develop a recommendation and policy regarding workforce planning regions, we would appreciate receiving your feedback on the following questions by (insert date):

- What opportunities do you see in regional planning?
- What factors should be taken into consideration in the development of planning regions?
- Are there Local Workforce Development Area boundaries that you would like to better align with planning regions?
- Are there specific planning regions that you would recommend and why?
- What will make the implementation of regions difficult?

The Local Governance and Sectors Subcommittee will review your feedback on (insert date), and develop one or more regional planning maps for consideration by the State Workforce Education and Coordinating Board prior to submission for public comment. State Workforce Education and Coordinating Board and subcommittee meetings are public meetings. Information about upcoming subcommittee meetings is available at: XXXXXXXXXXXXX.

We are also happy to set up meetings with local areas to discuss questions or issues.
If you need any further information, please contact Agnes Balassa (contact info) or Dave Wallace (contact info). Thank you for your input and consideration.
Sincerely,

Creigh H. Agnew, Co-chair
Local Governance and Sectors Subcommittee
Slade Gorton International Policy Center (Business)

Bill Messenger, Co-chair
Local Governance and Sectors Subcommittee
Washington State Labor Council (Labor)

Annette Herup, Co-chair
Local Governance and Sectors Subcommittee
SGL Automotive Carbon Fibers LLC (Business)

Caitlyn Jekel, Co-chair
Local Governance and Sectors Subcommittee
Washington State Labor Council (Labor)

Attachments:
- Map of WDCs
- Sample maps
- Citations from the Opportunity Act & NPRM

Cc:
- WTECB Members
- Association of Counties
- Association of Cities

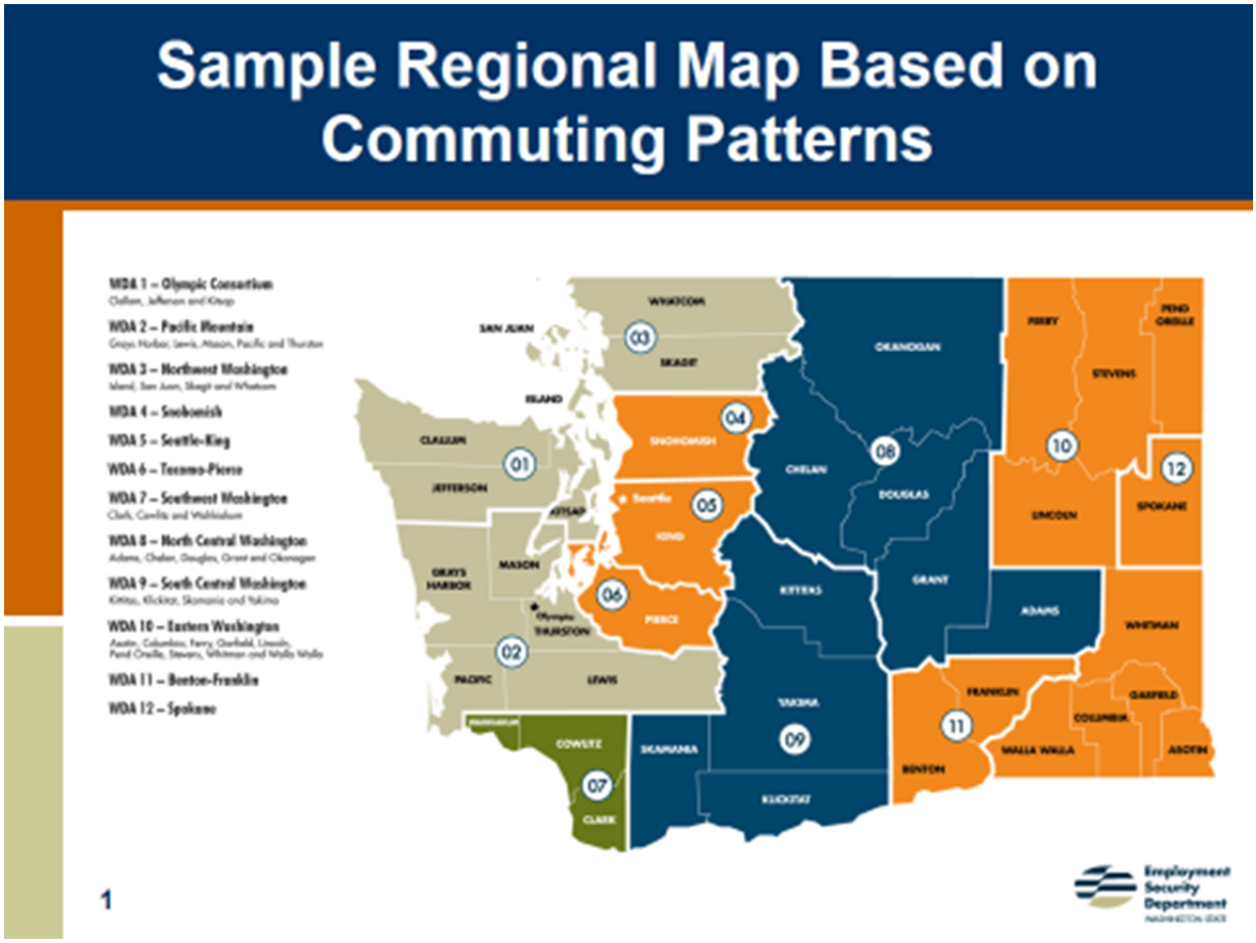
ATTACHMENT C: SAMPLE MAPS

The Opportunity Act requires workforce planning regions to better align local workforce areas with regional economies. The state Labor Market Departments in Washington, Oregon and Idaho were tasked with identifying a set of consistent factors to better define regional economies. They identified commute patterns and industry concentrations as two objective factors for which they could collect reliable data to suggest possible workforce regions.

This sample map was created using the interactive data tool developed by the state Labor Market Departments in Washington, Oregon and Idaho. The tool is available at: XXXXXX. We encourage you to visit the site and develop your own scenarios.

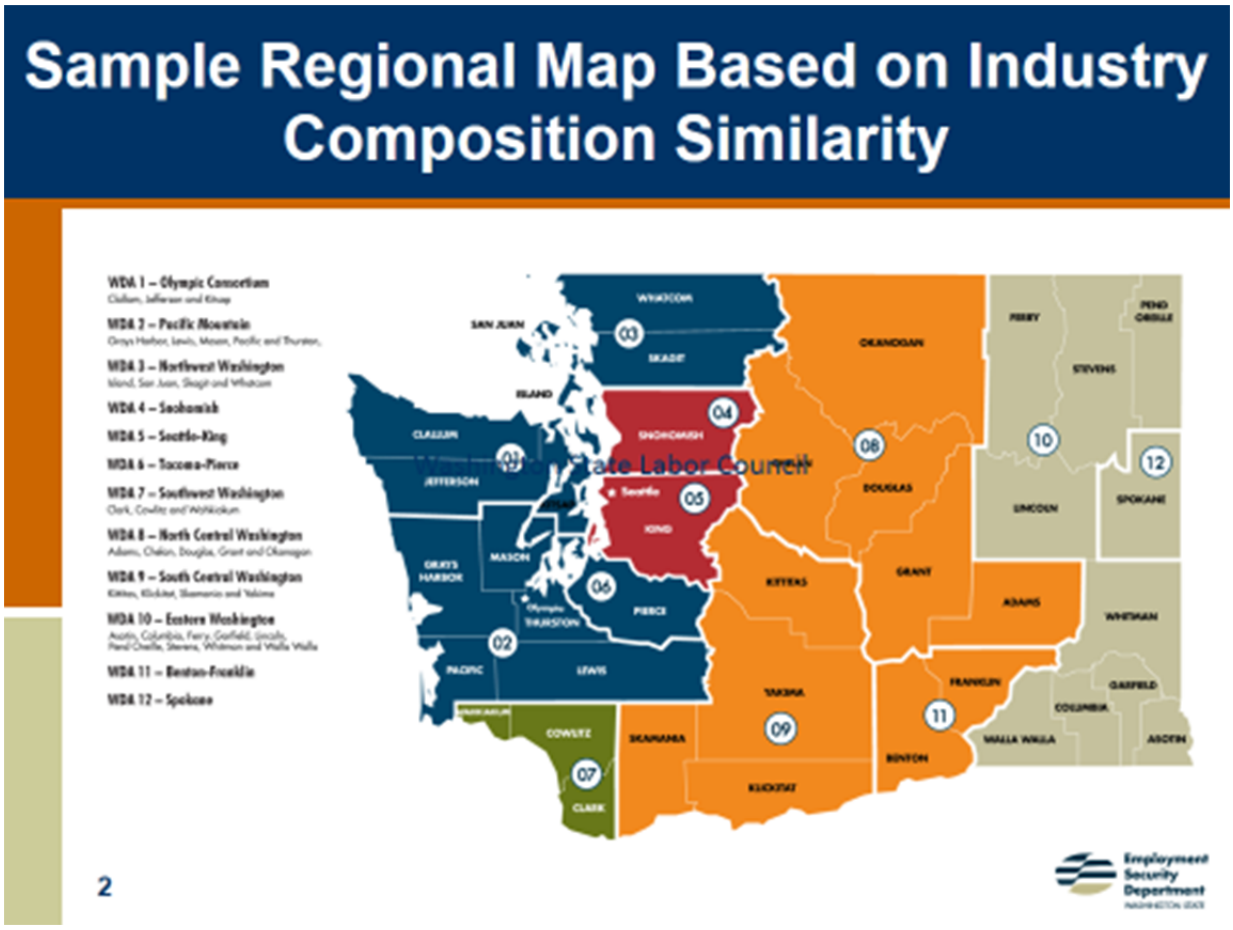
The following maps are provided as examples of the types of workforce regions that could be drawn using the interactive data tool. Commute patterns indicate how far people are willing to travel for work, an indication of the size of the region from which industries can draw talent.

The first sample map was developed using a threshold of XX% of residents commuting into and out of various local workforce areas.



ATTACHMENT C: SAMPLE MAPS

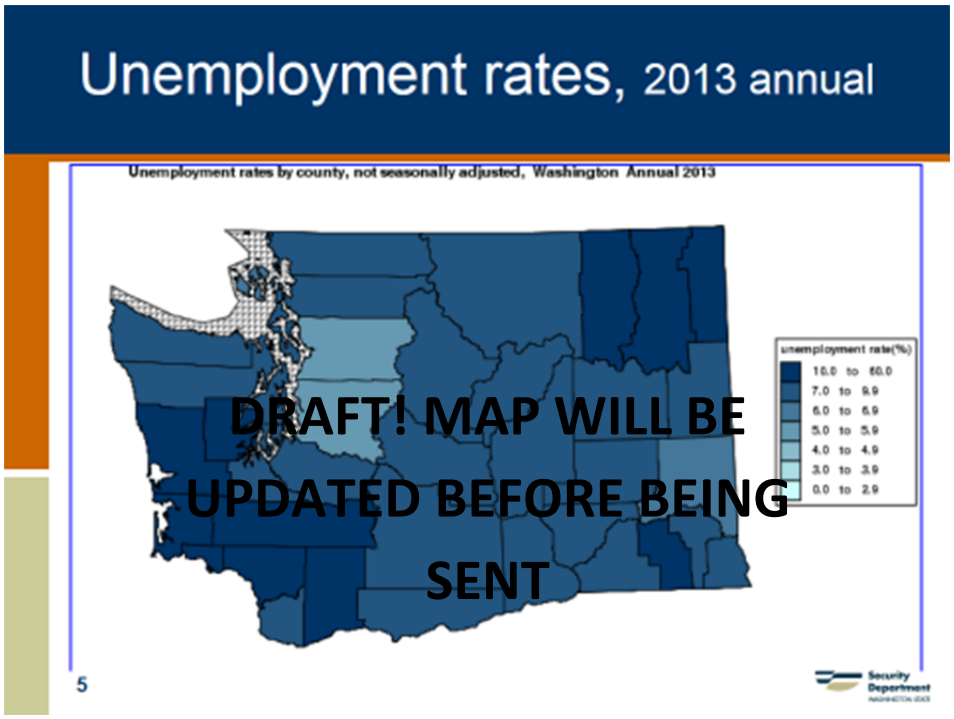
The map below was also developed using the interactive data tool. It is based on industry concentration data (location quotients) as a way to identify which local areas are more similar in terms of key industry sectors. Export or innovation-based industries – agriculture, manufacturing, scientific R&D - tend to cluster based on local resources, workforce skills, and supply chains or synergy with other industry clusters. Population-based sectors – retail, health care, educational services, food services, public administration – tend to form based on population and are prevalent in almost all communities. Both types of sectors are included in the maps below.



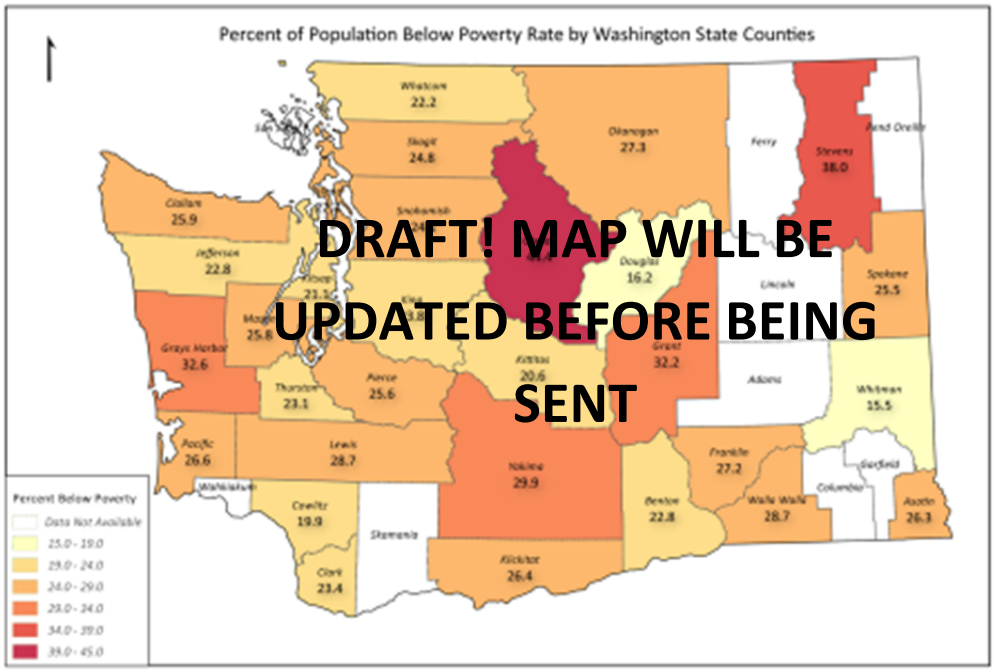
Because commute and industry concentration are only two factors to be considered in the development of possible workforce region, the following maps provide additional information. These are not recommendations, just example of other data that might be considered as workforce regions are developed. The first example shows the alignment between Local Workforce Area Boundaries and Economic Development Areas.

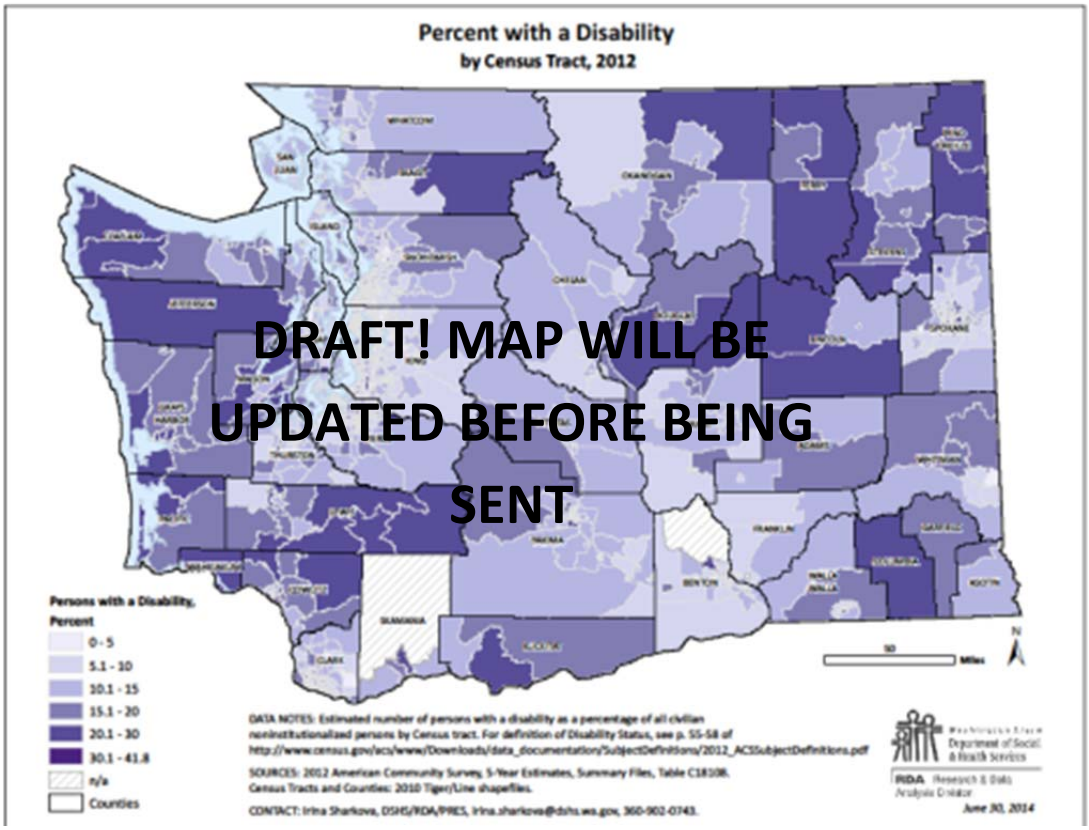
ATTACHMENT C: SAMPLE MAPS

The next several maps focus on demographic factors: unemployment rates, where people in poverty live, where there are concentrations of people with disabilities and the median income for Washington Counties.

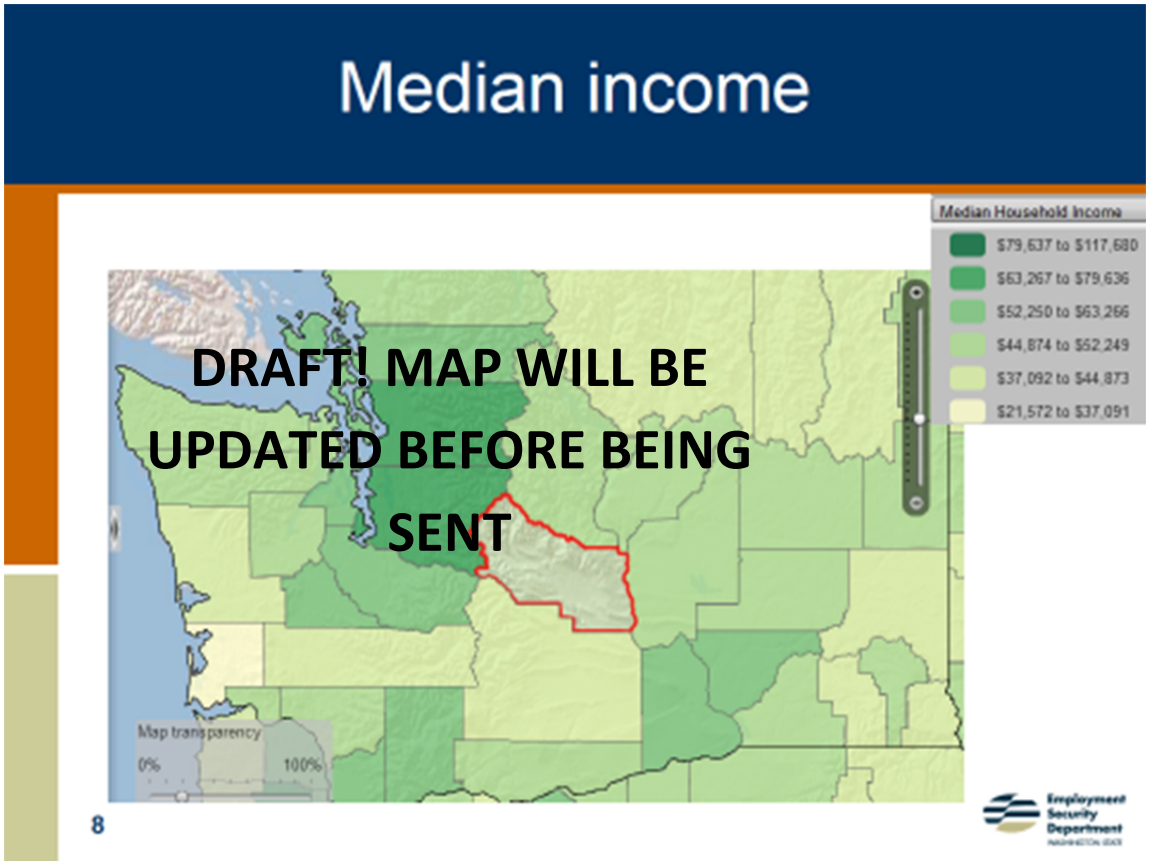


ATTACHMENT C: SAMPLE MAPS





ATTACHMENT C: SAMPLE MAPS



Action Item: Task Force Recommendation

TASKFORCE: Local Governance

ISSUE: Local board member appointment criteria

BACKGROUND: Under the Opportunity Act, the Governor, after consultation with the State Workforce Board, may add criteria for Chief Elected Officials to use in the appointment of local workforce board members. There is no requirement for the Governor to add criteria.

The Opportunity Act specifically reduces the size of local workforce boards. However, the Act also recognizes the important leadership role of local boards. Therefore representation of all the core programs is required and the voice of those representing the workforce is strengthened, while the business majority is maintained. In addition, the Act requires that board members have both "optimal policy making authority" within their institutions and "demonstrated experience and expertise" to help the board achieve its strategic vision.

Recommendations are based on the following goals –

1. Support smaller more manageable boards, by not adding membership categories with the exception of Temporary Assistance for Needy Families program (TANF), should TANF become a required program in the state plan. Locals can add members as needed based on their local situations.
2. The voices of key stakeholders are critical to inform decision making and achieve system goals. Therefore, organized labor should maintain a majority within the workforce category, and the practice of a members filling multiple seats should be discouraged.
3. The Act already imposes a number of criteria for board membership. Rather than adding criteria, the task force recommends that all board members be nominated by an appropriate organization, and that the existing criteria of requiring all board members to have optimal decision making authority and demonstrated expertise as defined in the Opportunity Act and proposed regulations be enforced.
4. Local boards and chief elected officials should "cast a wide net" when recruiting new board members to assure that all those interested have the opportunity to become nominated for open seats.

CURRENT STRUCTURE UNDER WIA: Under WIA, the WTECB added to board member criteria:

- The inclusion of businesses with substantial employment and small businesses in the business category, and
- A requirement to have three labor representatives serving on each local workforce board.

The Opportunity Act does not require these criteria to be carried forward.
WIA also required that K-12 education be represented on local boards. With the change in focus to out of school youth and the inclusion of adult education as a core program, the Act removed the requirement for K-12 to serve and added an adult education provider. The Opportunity Act also does not require a public assistance representative (DSHS/TANF), as WIA did.

RECOMMENDATION: Task Force requests that the subcommittee forward the recommendations in Attachment D on pages 16 to 17 to the Steering Committee for approval.

MINORITY POSITION(S): The Task Force reached consensus on the all of the recommendations above with on one notable exception. While the majority of members agreed that there might situations where it would make sense for a board member to fill more than one seat, a minority of the members felt this practice should not be allowed, even if it is permissible in the regulations. This is highlighted in Attachment D.

STAKEHOLDERS ENGAGED: The task force consisted of members representing organized labor, business, adult education, human services, and WDCs. Additional input was solicited from WDCs to answer questions and provide background. Labor and business representatives consulted with the Washington State Labor Federation and the Association of Washington Business.

ANY ISSUES, QUESTIONS, GUIDANCE NEEDED TO INFORM THE STEERING COMMITTEE: N/A

ATTACHMENT C: RECOMMENDATION REGARDING LOCAL BOARD MEMBERHIP CRITERIA

Issue	Considerations	Draft Task Force Recommendations
Should the Governor add membership categories or members to existing categories as part of the local board nominating criteria?	- The Act specifically reduces the number of required members on local workforce boards. - Adding members in any category results in increased membership in at least 1 if not 2 additional categories - The Act includes a category for locally identified appointments, which allows locals to add members as needed.	No additional membership categories should be added to the local board member appointment process with one possible exception: if the Governor decides to submit a combined plan that includes TANF as a mandatory planning partner, the task force recommends the there be a TANF representative to both state and local workforce boards. WIOA board membership requirements represent a floor, not a ceiling. Local areas may increase the number of representatives in any category in order to meet local goals. Local areas may also decide how best to fill the seats within categories (e.g. selecting business members that represent targeted industry sectors, selecting community based organizations that provide services to a targeted population). If a Local Workforce Area chooses to increase the size of its board, organized labor must maintain a 51% majority in the "workforce" category (aka the 20% category).
Should the Governor add criteria to the types of members who should serve on local boards?	- The Act requires ***all board members*** to have "optimum decision making authority" within their own organizations and "demonstrated experience and expertise" to contribute to the local strategic vision. In addition - Business members must be owners or executives of businesses or business organizations in in-demand industries. - Those in the workforce category must represent organized labor/apprenticeship. Organizations serving those with barriers to employment may be included as well. - Institutions included in the higher education category must provide workforce activities.	No additional state criteria for board member selection should be added to the local board member appointment process. The appointment process must result in local board members who have "optimal decisions making authority" for their own organizations and "demonstrated experience and expertise" as defined in the Opportunity Act and Notice of Proposed Rule Making to support the local strategic vision.

Issue	Considerations	Draft Task Force Recommendations
Should the Governor add nominating criteria to the appointment process for local boards?	The Act requires that - Local business organizations and business trade associations nominate business members. - Local labor federations nominate the labor representatives - Education and training providers be selected from among nominees of eligible organizations	All potential board members must be nominated by an appropriate nominating body for consideration in the appointment process. As per the Act, organized labor representatives and the joint-labor management registered apprenticeship program representatives must be nominated by local labor federations and businesses must be nominated by local business or trade associations. Nominations for other representatives could be made by local labor federations, local business/trade associations, or locally recognized social services networks/community based partnerships or other appropriate nominating bodies. Local areas with vacant board seats must notify various public media, business and trade organizations, including chambers of commerce, economic development organizations, local labor federations, social services networks and others of the opportunity to nominate potential board members.
Should the Governor restrict the ability of local workforce board members to "wear two hats"?	- The proposed regulations clarify that a local workforce board member may fill more than one seat if that member meets the criteria for those seats. This is often referred to as "wearing two hats." For example, the president of community college that offers an adult education program may fill both the higher education and adult education seats or a business member who also serves on a CBO board may fill both seats. - The Act requires ***all board members*** to have optimal decision making authority within their own organizations and demonstrated experience and expertise to contribute to the local strategic vision.	The board member categories identified in WIOA assure that critical expertise is included in the decision making process of local boards. Therefore the practice of having local board members fill more than one seat is discouraged. In those instances where local situations make it necessary for a member to fill more than on seat on the local board, a member filling two or more seats must not only be able to represent both seats, but s/he must also have "optimal decision making authority" and "demonstrated experience and expertise" for all seats s/he fills. Additionally, the local boards should find ways to assure adequate expertise of all required viewpoints via committees, task forces, etc. **Minority position:** although the draft regulations allow board members to fill more than one seat, the state should not allow this practice.

Action Item: Task Force Recommendations

TASKFORCE: Local Governance

ISSUE: Approval of alternative entities to serve as local workforce boards (aka grandfathering)

BACKGROUND: Under the Opportunity Act, an alternative entity - any local entity (a local council, regional workforce development board, or similar entity) - may be approved by the Governor as to serve as a local workforce board as long as the entity:

- Was established to serve the local area,
- Was in existence on the day before the date of enactment of the Opportunity Act, and
- Includes representatives of business in the local area, representatives of labor organizations, nominated by local labor federations or representatives of employees in the local area if no employees are represented by labor organizations.

Simply stated, an entity serving as a local workforce board may keep or "grandfather" its existing board membership categories rather than change its board composition to conform to the new Act. The only thing that is different about alternative entities is their membership composition. Otherwise an alternative entity must meet all other requirements of the Opportunity Act.

Under the Opportunity Act, all WDCs meet the criteria to be certified as alternative entities. There is an effort in Congress to amend the Act to limit which entities could be certified as alternative entities. If and when such a change is made, the recommendation of this committee will need to be revisited.

All local workforce boards in Washington operate under either WIA or JTPA board member requirements. The task force reviewed these criteria and found them to be substantially similar to the WIOA requirements for local board membership, with the exception of the requirement to include an adult education representative. Please See Attachment E, below for a comparison of board membership requirements under the three acts.

CURRENT STRUCTURE UNDER WIA: Six WDCs are currently certified as alternative entities, meaning that their board membership has remained the same as it was under JTPA. The others were certified as meeting WIA board membership requirements. Therefore all twelve WDCs would be eligible to apply for alternative entity status. Several have indicated an interest in doing so.

RECOMMENDATION: After reviewing the membership requirements under JTPA, WIA and WIOA, the task force recommends that the Subcommittee forward a recommendation to the

Steering Committee that supports the option for the Governor to approve alternative entities. The Governor will need to review the actual membership categories of those applying for alternative entity status to assure that these entities meet the criteria under which they were certified.

Board members of alternative entities will still need to have optimal decision making authority and demonstrated expertise and experience as per the Opportunity Act. The recommendation (above) that all applicants for board positions be nominated by appropriate organizations would also apply. Alternative entities that do not have a member(s) representing adult education programs should show how they have engaged adult education programs in their planning and decision making processes. Additionally, all other requirements of the Opportunity Act apply to alternative entities.

MINORITY POSITION(S): Some task force members recommended against approving alternative entities. Although the membership of these entities is generally similar to the requirements of the Opportunity Act, several members felt it was important that all board conform to the new membership requirements under the Opportunity Act.

STAKEHOLDERS ENGAGED: The task force consisted of members representing organized labor, business, adult education, human services, and WDCs. Additional input was solicited from WDCs to answer several task force questions. Labor and business representatives consulted with the Washington State Labor Council and the Association of Washington Business
.

ANY ISSUES, QUESTIONS, GUIDANCE NEEDED TO INFORM THE STEERING COMMITTEE: N/A

ATTACHMENT E: Minimum local board membership requirements under WIOA, WIA and JTPA

WIOA (19 seats at minimum)	WIA (25 seats at minimum)	JTPA (19 seats at minimum)
51% Business Majority (at least 10 seats) - Business owners or chief execs and/or - Organizations representing businesses, including small businesses.	**51% Business Majority** (at least 13 seats) - Business owners or chief execs (including business contractors) with maximum "within region" policy or hiring authority. o At least three reps must have substantial employment opportunities o At least three reps must be from small businesses (<fifty employees).	**51% Business Majority** (at least 10 seats) - Business owners or chief execs with substantial management or policy responsibility; - Represent the industrial and demographic composition of the business community. At least ½ of reps shall be from small business, including minority business if possible
At least 20% represent the workforce (at least 4 seats) - At least 2 reps of labor organizations - A representative or training dir. for a joint labor mgmt apprenticeship program. - May include Community Based Organizations	**At least three labor representatives** (at least 3 seats)	**At Least 15% from organized labor and community-based organizations (**at least 3 seats)
Education and Training (at least 2 seats) - One rep providing Adult Ed - One rep of an institute of higher ed. - May include local educational entities or CBOs	**Education** (at least 4 seats) - At least two representatives of K-12 education, - At least two representatives of postsecondary education.	**Representatives of educational agencies** (at least 2 seats) - Agencies shall be representative of all educational agencies in the service delivery area.
Gov't, Economic and Community Dev't (at least 3 seats) - One rep of state employment service - One rep for economic and community dev't - One rep of voc rehab program - May include reps from housing, transportation programs or philanthropic orgs	**Gov't, and Economic Dev't** (at least 5 seats) At least one: - public vocational rehabilitation agency rep - Public assistance agency rep - Economic development agency rep - Community-based organization rep - Public employment services rep	**Representatives of Gov't, and Economic Dev't** (at least 4 seats) - Vocational rehabilitation agencies. - Public assistance agencies. - Economic development agencies. - The public employment service.
Local additions	**Local additions**	**Local additions**
Additional criteria – - Optimum policy-making authority - able to speak affirmatively on behalf of the entity s/he represents and commit that entity to a course of action. - Demonstrated experience and expertise – have the skills and practical knowledge to contribute fully to the strategic vision of the local area's workforce system.		

Action Item: Subcommittee Recommendation on Initial Designation

ISSUE: Recent federal guidance requires the State Workforce Board to revisit the issue of initial designation.

BACKGROUND: The Opportunity Act requires the Governor to designate local workforce areas in order to receive WIOA Title I Adult, Dislocated Worker and Youth Allocations. Local areas form the boundaries which are served by a local workforce board. The local elected officials in a local workforce area identify the entity they wish to serve as the local workforce board, appoint members to the board and enter into agreements to meet the requirements under the Act.

In January, WTECB issued a request to the Governor to provide initial designation to existing local workforce areas through June 30, 2016. In April the Governor issued a letter concurring with the WTECB recommendation.

However, recently proposed rules and guidance from the Department of Labor clarified that:

- Initial designation must be for two program years, not one,
- The Governor must approve initial designation for any local area that applies and that has met performance requirements and maintained fiscal integrity for the prior two years, and
- The state must have a designation policy by July 1, 2015.

Therefore, Local Governance and Sectors Subcommittee co-chairs and staff ask the subcommittee to recommend to the Steering Committee the development of a designation policy .

Attachment F provides citations from the Opportunity Act, the Notice of Proposed Rule Making and the Training and Employment Guidance Letter 27-14 related to this issue.

CURRENT STRUCTURE UNDER WIA: Twelve local workforce areas were designated under WIA. These areas correspond to the service areas of the state's twelve WDCs.

RECOMMENDATION: Develop a designation policy. The policy should state:

- The process by which the Governor will consult with the state workforce board and consider public comment for the designation of local workforce areas.
- The length of initial designation as two years.
- The requirement for the Governor to approve all requests for designation from areas that were designated under WIA, met performance requirements and maintained fiscal integrity as defined by the Department of Labor over the previous two years.
- The process by which the Governor could choose to designate/redesignate a local area that does not meet the performance and fiscal integrity requirements under WIOA.

- The requirement that the Governor subsequently designate a local area that has performed successfully, sustained fiscal integrity, and in the case of a local area in a planning region, met the planning region requirements during the 2-year period of initial designation.
- The requirement that redesignation be automatic as long as the Chief Elected Official and Local Board do not notify the Governor that they no longer wish to operate as a local area.
- The option the Governor has to evaluate a local area at any time to ensure that it continues to meet the requirements for subsequent eligibility, but not less than once every 4 years.
- The actions a Governor may take if a local area fails to meet designation criteria.
- The definition of "performed successfully" and "maintained fiscal integrity".
- The process by which local areas will apply for and receive designation.
- The appeals process for areas denied designation.

- Forward this action to the WTECB for its May 28, 2015 meeting, but begin policy development immediately to comply with the July 1, 2015 deadline to have the policy in place.

MINORITY POSITION(S): n/a

STAKEHOLDERS ENGAGED: This is the first reading of this issue. Stakeholder input will be managed through the policy development process.

ANY ISSUES, QUESTIONS, GUIDANCE NEEDED TO INFORM THE STEERING COMMITTEE: See attachment F below.

ATTACHMENT F: CITATIONS

Citation: WIOA Section 106(b)(2) & Section 106(b)(3)

(B) CONSIDERATIONS.—The Governor [after consultation with the state board, WDCs and Chief Elected Officials] shall designate local areas (except for those local areas described in paragraphs (2) and (3) [below]) based on considerations consisting of the extent to which the areas—
(i) are consistent with labor market areas in the State;
(ii) are consistent with regional economic development areas in the State; and
(iii) have available the Federal and non-Federal resources necessary to effectively administer activities under subtitle B and other applicable provisions of this Act, including whether the areas have the appropriate education and training providers, such as institutions of higher education and area career and technical education schools.
(2) INITIAL DESIGNATION.—During the first 2 full program years following the date of enactment of this Act, the Governor shall approve a request for initial designation as a local area from any area that was designated as a local area for purposes of the Workforce Investment Act of 1998 for the 2-year period preceding the date of enactment of this Act, performed successfully, and sustained fiscal integrity.
(3) SUBSEQUENT DESIGNATION.—After the period for which a local area is initially designated under paragraph (2), the Governor shall approve a request for subsequent designation as a local area from such local area, if such area—
(A) performed successfully;
(B) sustained fiscal integrity; and
(C) in the case of a local area in a planning region, met the requirements described in subsection (c)(1).

Citation: Notice of Proposed Rule Making

§ 679.220 What is the purpose of the local workforce development area?
Proposed 679.220…Local areas serve as a jurisdiction for the administration of workforce development activities and execution of adult, dislocated worker, and youth funds allocated by the State. States allocate workforce investment funds based on various population characteristics of the local area. Local areas may correspond to regions identified in WIOA sec. 106(a)(1) or may be smaller geographic areas within a planning region, each with its own Local Workforce Development Board.

§ 679.230 What are the general procedural requirements for designation of local workforce development areas?
Proposed 679.230…requires the Governor to consult with the State Board and CEO, and consider public comments from a wide range of stakeholders consistent with provisions at WIOA sec. 102(b)(2)(e)(iii)(II) as part of the process of identifying the local area.

§ 679.240 What are the substantive requirements for designation of local workforce development areas that were not designated as local areas under the Workforce Investment Act of 1998?
Proposed § 679.240(a)...explains that the Governor must develop a policy for designation or redesignation of local workforce development areas, including the factors that the Governor must consider. The statute requires that the Governor designate local areas that "are consistent" with labor market and regional economic development areas: the Department interprets this to mean that within a local area, there must be common labor markets and economic development areas. Better integration between the workforce and economic development systems serves to best connect the employment needs of workers with the skilled workforce needs of employers. This section implements sec. 106(b)(1)(B) of WIOA.

Proposed § 679.240(b) permits the Governor to approve a local area designation request from any unit of local government, including a combination of multiple units. This provision implements sec. 106(b)(4) of WIOA and retains the same requirements found at 20 CFR 661.250(c). Proposed paragraph (c) permits the Governor to redesignate a local area that has been designated or redesignated under § 679.240(a) or has been designated under § 679.250(a) or (c) if the local area requests, and the Governor approves, the redesignation.

§ 679.250 What are the requirements for initial and subsequent designation of workforce development areas that had been designated as local areas under the Workforce Investment Act of 1998?
Proposed § 679.250(a) …during the first 2 full PYs following the enactment of WIOA, a Governor is to approve a request for initial designation from any local area designated as a local area under WIA as long as the entity was designated a local area under WIA, performed successfully, and maintained sustained fiscal integrity for 2 years prior to the enactment of WIOA. This provision requires the Governor to continue the designation of local areas that performed well and maintained sound fiscal practices under WIA. If a local area that was designated under WIA requests initial designation under WIOA but does not meet all of the requirements of § 679.250(a), the Governor has the discretion to approve the initial designation under WIOA or to redesignate the local area pursuant to the procedures described in § 679.240.
Proposed § 679.250(b) clarifies that initial designation applies to PYs 2015 and 2016, as per WIOA sec. 106.
Proposed § 679.250(c)…the Governor must approve requests for subsequent designation as long as the local area performed successfully, sustained fiscal integrity, and in the case of a local area in a planning region, met the planning region requirements during the 2-year period of initial designation. Local areas that are able to demonstrate successful performance and fiscal integrity must be permitted to continue to operate and may not be redesignated without the consent of the Local Board and CEO in the local area.
Proposed § 679.250(d)…permits the Governor to evaluate a local area at any time to ensure the local area continues to meet the requirements for subsequent eligibility…requires the Governor to review local areas to ensure they continue to satisfy the requirements at paragraph (2) as part of each 4-year State planning cycle…describe the required actions that the Governor must take in the event that a local workforce area fails to meet its negotiated levels of performance or does not comply with administrative requirements, respectively. Under these provisions the Governor retains the authority to take corrective action in light of failure of performance or fiscal management short of redesignation, and is not required to redesignate a local area that has failed to maintain the requirements of paragraph (c). Furthermore, the Governor may redesignate local areas at any time with the cooperation of the CEO and Local Board in a given local area.
Proposed § 679.250(e) presumes that local areas will be considered to have requested continued designation unless the CEO and the Local Board directly notify the Governor that they no longer wish operate as a local area. This newly proposed paragraph reduces the administrative burden of maintaining local area status, while still holding local areas accountable to the requirements of paragraph (c).

§ 679.260 What do the terms "performed successfully" and "sustained fiscal integrity" mean for purposes of designating local areas?
Proposed § 679.260(a) defines the term "performed successfully" for the purpose of initial designation to mean that the local area met or exceeded all performance levels the Governor negotiated with Local Board and CEO under WIA sec. 136(c) for the last 2 full PYs before the enactment of WIOA. It also

requires that the local area not fail any individual measure for the last 2 consecutive PYs before the enactment of WIOA. Proposed
§ 679.260(a)(1) requires the Governor, in order to determine if a local area has performed successfully, to have defined the terms "met or exceeded" and "failure" at the time the performance levels were negotiated. Proposed § 679.260(a)(2) clarifies that the Governor may not retroactively apply any higher WIOA threshold to performance negotiated and achieved under WIA for the purposes of local area designation.
Proposed § 679.260(b) defines the term "performed successfully" for the purpose of subsequent designation to mean that the local area met or exceeded the levels of performance the Governor negotiated with Local Board and CEO for core indicators of performance described at WIOA sec. 116(b)(2)(A). It also requires the Governor to have defined the terms "met or exceeded" and "failure" in the State Plan.
Proposed § 679.260(a) and (b) expand on the definition at WIOA sec. 106(e)(1) to ensure that the initial and subsequent designation of local areas is conducted in a fair and transparent manner by ensuring that the local area's performance is judged on the contemporaneous standards agreed to between the State and local area at the time rather than under subsequently imposed performance standards.
Proposed § 679.260(c) defines the term "sustained fiscal integrity" for the purpose of determining initial and subsequent local area designation to mean that the Secretary has not made a formal determination that either the grant recipient or any other entity charged with expending local area funds misexpended such funds due to willful disregard of the requirements of the provision involved, gross negligence, or failure to comply with accepted standards of administration for the 2-year period preceding the determination.
Proposed §§ 679.250 and 679.260 allow for an orderly transition from WIA to WIOA and protects the designation status of local areas that meet or exceed performance targets negotiated in good faith under the relevant authorizing legislation while allowing the Governor both to oversee properly the performance of the local areas and take action necessary to improve the area's performance in a timely fashion.
679.290 What right does an entity have to appeal the Governor's decision rejecting a request for designation as a workforce development area?
Proposed § 679.290(a) establishes that entities that are not approved as local areas may follow the process established at 20 CFR 683.640. This section is essentially unchanged from WIA. However, while provisions at WIOA sec. 106(b) permit any unit of local government or combination of units to apply for designation as a local area, the law does not specify that rural concentrated employment programs may apply for designation as a local area. The intent of this section was to prohibit such an arrangement under WIOA and that this prohibition logically applies to the appeals process.
Proposed § 679.290(b) establishes that an entity making an unsuccessful appeal to the State Board may request a review of the appeal by the Secretary of Labor if the State does not respond to the appeal in a timely manner or if the appeal for designation is denied by the State. The Department defines a 'timely manner' to be 60 days after the submission of the appeal. This provides adequate time for the State to review and make a ruling on the appeal while not being so long as to delay unreasonably the appeal and designation processes.
Proposed § 679.290(c) summarizes the circumstances under which the Secretary of Labor may require an entity to be designated as a local area. Specifically, the Secretary may require designation upon a finding of either a denial of procedural rights or a finding that the area meets the requirements for designation. This section was updated from WIA to reflect that neither the 'automatic' nor 'temporary and subsequent' designation statuses exist under WIOA.

Citation: Training and Employment Guidance Letter 27-14
B. The Governor must develop a policy for designation of local workforce development areas. The purpose of a local area is to serve as a jurisdiction for the administration of workforce development activities using Adult, Dislocated Worker, and Youth funds allocated by the State and to coordinate efforts related to the other core programs at a local community level. WIOA Section 106(b) establishes that the Governor must designate local workforce development areas (local areas) in order for the State to receive Adult, Dislocated Worker, and Youth funding under Title I, subtitle B. This guidance describes the steps that the Governor and other State and local entities must complete in order to designate local areas in the State. The Governor must follow the requirements provided in this guidance until the final regulations take effect.
i. By July 1, 2015, the Governor, in consultation with the State Board, must develop a policy and procedure for the designation of all local areas, as well as a policy for the designation of new local areas. For all types of designation described in 5.D. and E. of this guidance, the policy must include:
a. Consultation with the State Board;
b. Consultation with the chief elected officials and affected Local Boards; and
c. Consideration of comments received through a public comment process. The public comment period must offer adequate time for public comment prior to designation of the local workforce development area and provide an opportunity for representatives of interested business, education, and labor organizations to have input into the development of the formation of the local area.
ii. For new local areas, the policy must include, at a minimum, consideration of the extent to which the proposed area:
a. Is consistent with local labor market areas;
b. Has a common economic development area; and
c. Has the federal and non-federal resources, including appropriate education and training institutions, to administer activities under the Youth, Adult and Dislocated Worker formula programs under WIOA subtitle B.
C. Requirements for initial designation of local areas that had been designated under WIA and want to continue as WIOA local areas.
i. Requesting Initial Designation. Chief elected officials and local boards of local areas that currently operate under WIA have the option of requesting local area designation status under WIOA. The Department encourages such requests to be completed prior to the onset of PY 15; however, such requests may be made after July 1, 2015. The Governor may establish a procedure for accepting such requests from local areas. If the chief elected official and local board in a local area submits a request for initial designation, the Governor must approve the request if the entity was designated as a local area for purposes of WIA, performed successfully, and sustained fiscal integrity for the two years preceding the enactment of WIOA. If a local area is approved for initial designation, the period of initial designation applies to program years 2015 and 2016.
ii. “Performed Successfully” Definition: For the purpose of initial local area designation, the term "performed successfully" means that the local area met or exceeded the levels of performance the Governor negotiated with the Local Board and chief elected official and the local area has not failed any individual measure for the last 2 consecutive program years before the enactment of WIOA. The terms "met or exceeded" and "failure" must be defined by the Governor in the State's policy consistent with how those terms were defined at the time the performance levels were negotiated. When designating local areas, the Governor may not retroactively apply any higher WIOA threshold to performance negotiated and achieved under WIA.
iii. “Sustained Fiscal Integrity” Definition: For the purpose of determining initial local area designation, the term "sustained fiscal integrity" means that the Secretary has not made a formal determination that either the grant recipient or the administrative entity of the area misexpended funds due to willful

disregard of the requirements of the provision involved, gross negligence, or failure to comply with accepted standards of administration for the two-year period preceding the determination.
iv. Appeals: In order to facilitate the orderly designation of local areas under WIOA, the State Board must develop a formal appeals policy for units of local government that request but are denied initial designation status. In addition to the State's criteria, the policy must include the provision that if a decision on the appeal is not rendered in a timely manner or if the appeal to the State Board does not result in designation, the entity may request review by the Secretary of Labor. The Secretary may require that the area be designated as a workforce development area, if the Secretary determines that the entity was not accorded procedural rights under the State appeals process or if the area meets the initial designation requirements at WIOA sec. 106(b)(2).